

TEACHERS' RETIREMENT BOARD
BENEFITS AND SERVICES COMMITTEE

SUBJECT: Level of Service Standards

ITEM NUMBER: 9

ATTACHMENT: 1

ACTION:

DATE OF MEETING: March 7, 2002

INFORMATION: X

PRESENTERS(S): Michael Carter

EXECUTIVE SUMMARY

The Level of Service report provides the Benefits and Services Committee with the necessary information to fulfill its oversight responsibility regarding the delivery of benefits and services to CalSTRS members. The following reports for the month of January 2002.

I. Overview

A. CalSTRS paid a total of 173,715 benefit recipients \$347,310,536 in January 2002. The average monthly allowance roll for FY 2001/02 is \$343,432,602. Total disbursements for FY 2001/02 are \$2,404,028,216.

B. Service Levels:

1. Service Retirements – Ninety-nine percent of initial payments are being processed within 30 days, resulting in no disruption of cash flow for CalSTRS members. As presented in Agenda Item 11, excellent progress is being made in achieving the goal to finalize retirement payments in four months. The volume of year-to-year retirement applications has increased 27 percent compared to the same period last year.
2. Disability – These benefits continue to be processed within Board established standards
3. Survivor Benefits – This program was most significantly impacted by conversion and resulted in an approximate 2,000 case backlog due to the inability to process cases (except manual payments for emergencies). Mandatory overtime has been instituted to speed the elimination of the backlog. The backlog is anticipated to be eliminated in approximately four months.

4. Telephone Center – Public Service Office staff reported in both the September and October 2001, *Benefit and Services Committee* meetings on efforts to improve service levels to our members. The following is a status report on their progress.

Hiring in the Public Service Office and Billing Services Unit continues at a fast pace. Four customer service representatives were hired in November, two in December, three in January, five in February, and five in March. Three students were hired in January to help with expected high call volumes when 1099's were issued at the end of January. The four remaining vacancies will be filled by the end of March.

In October 2001, the 800-number phone tree was redesigned to create four automatic call distributor (ACD) groups. This restructuring allows for some specialization and provides flexibility for accommodating special mailings. For example, in anticipation of the yearly high call volumes associated with 1099 distribution, the 800-number phone tree was temporarily redesigned to capture and route these calls to customer service representatives specifically trained for this purpose. This triage process allowed supervisory staff to quickly augment or adjust staffing levels as needed to address call volumes.

In addition, this phone tree redesign provided the opportunity to open the queue size to allow more callers to wait in line for a customer service representative rather than receiving a busy message. Beginning in mid-October, the queue size was increased from the traditional 5 queue slots to 7 queue slots. It is important to note that this significantly affects how the PSO performance measure to answer 95% of all calls within 3 minutes is evaluated. Staff must now increase their efforts by 40% to achieve the same level of service to members.

In order to help determine the optimum balance of queue slots to waiting time, the PSO is evaluating two other queue size options. For one week in February the queue size was reduced to 6 and the resulting busy messages, abandon rate, and waiting time monitored. For one week in March the queue will be increased to 10 and the same factors evaluated. As staff complete training and begin daily phone schedules these numbers may be adjusted accordingly to optimize service to our members. However, again, it is important to understand that these adjustments significantly affect our ability to compare statistics from one month to another until a final best balance is achieved.

5. Counseling Services – Staff continue to anticipate an increase in the demand for counseling interviews. A special report was made to this Committee at the February 2002 meeting on the strategies to address this demand.
6. Interest Payments: None were made for Disability benefits. Service Retirements paid \$231 for 8 applications. Survivor Benefits paid \$27,973 for 242 cases.

As the Committee is aware, many of the backlog situations were anticipated and addressed in the Service Level Recovery Plan. I would like to recognize the efforts of staff to achieve normalcy, eliminate the backlogs and deliver the services our members' expect and deserve. Please note the definite "recovery" timeframes.

II. Individual Program Reports: Pages 1-7

III. Miscellaneous Items: Pages 8 - 10

CalSTRS PRODUCTION OBJECTIVES 2000-2001 FISCAL YEAR

Page 1

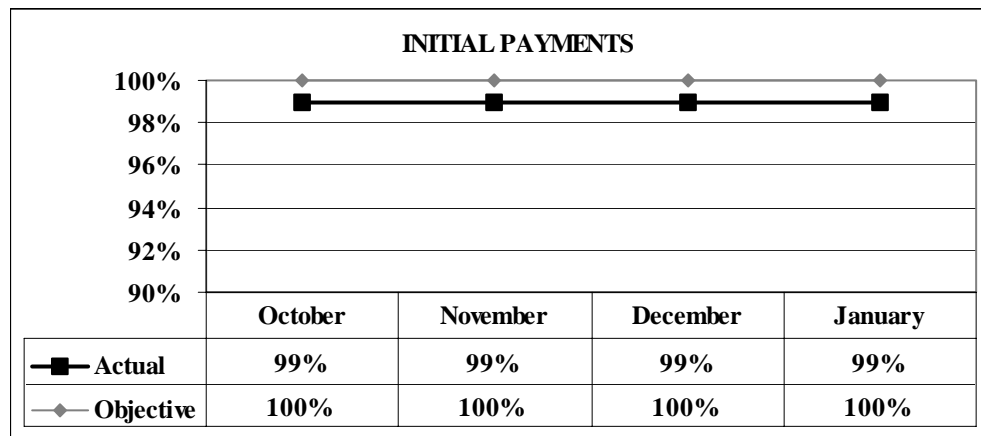
Attachment I
Benefits & Services – Item 9
March 7, 2002

Service Retirements

Objective Process 100 percent of all service retirement application payments within 30 days of the retirement effective date or receipt of completed application, whichever is later.

Application Volume Change Plus 27 percent in comparison to same period last fiscal year.

Baseline FY 1998/99 actual: 99 percent



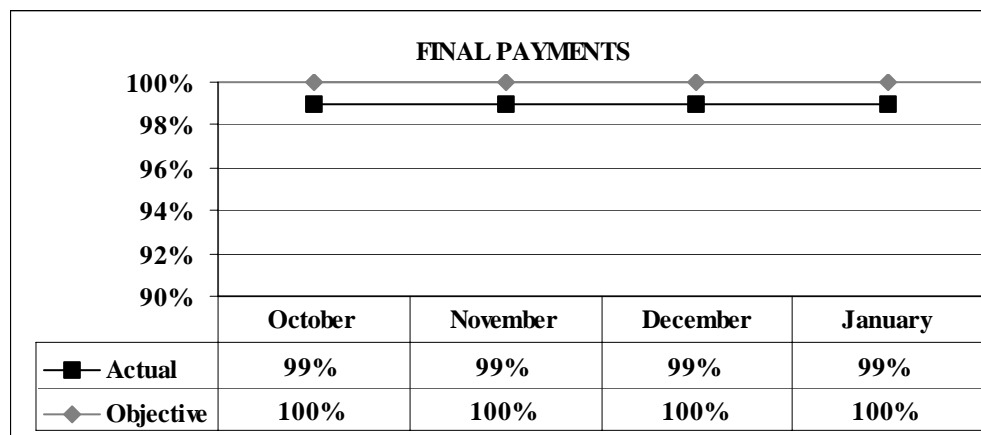
Year to Date Average: 99%

Objective Process 100 percent of all final service retirement payments within 45 days of receipt of all necessary information.

Interest Payments January 2002: 8 payments/\$231

Current Year Cumulative:
107 payments/\$2,807
Current Year Monthly Average:
15.3 payments/\$401
Prior Year Monthly Average:
37 payments/\$301

Baseline FY 1998/99 actual: 98 percent



Year to Date Average 99%

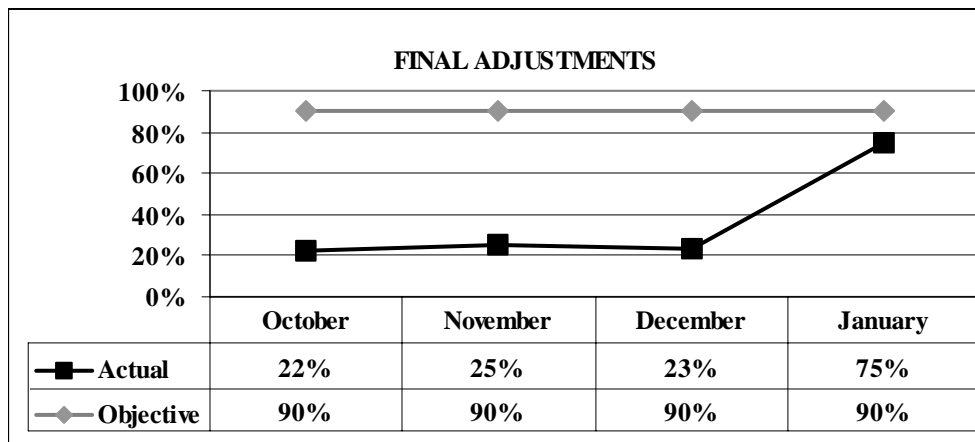
CalSTRS PRODUCTION OBJECTIVES 2000-2001 FISCAL YEAR

Page 2

Attachment I
Benefits & Services – Item 9
March 7, 2002

Service Retirements

Objective Finalize 90 percent of all payments within four months of the retirement effective date.



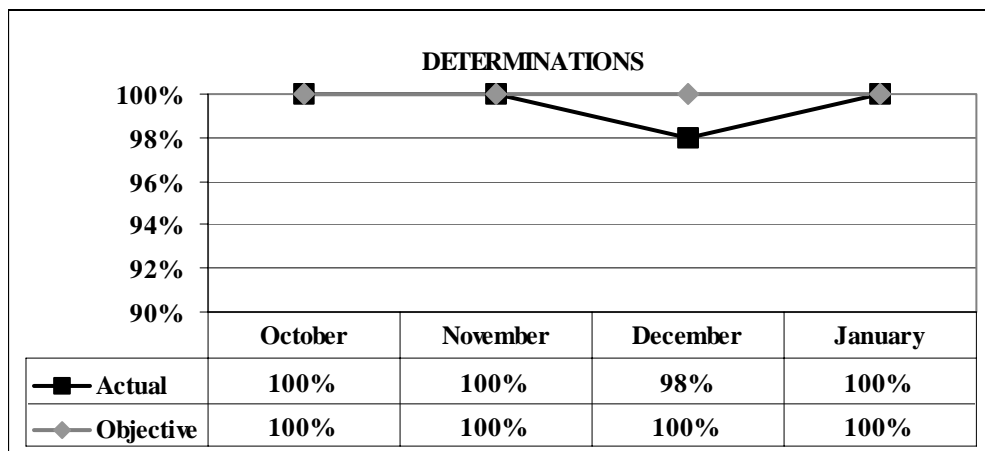
Baseline FY 1998/99 actual: 91 percent

Year to Date Average: 28%

Disability

Objective Process 100 percent of all eligible applications within 180 days of receipt.

Application Volume Change Plus 34 percent in comparison to same period last fiscal year.



Baseline FY 1998/99 actual: 99 percent

Year to Date Average: 99%

CalSTRS PRODUCTION OBJECTIVES 2000-2001 FISCAL YEAR

Page 3

Attachment I
Benefits & Services – Item 9
March 7, 2002

Disability

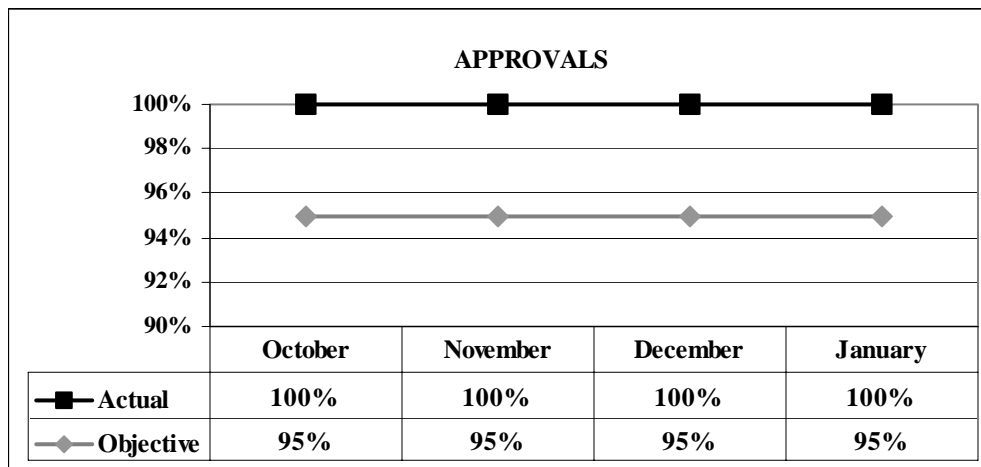
Objective Process 95 percent of all approvals within 30 days of receipt of all necessary information.

Interest Payments January 2002: None

Current Year Cumulative:
None

Current Year Monthly Average:
None

Prior Year Monthly Average:
None



Baseline FY 1998/99 actual: 100 percent

Year to Date Average: 100%

Survivor Benefits

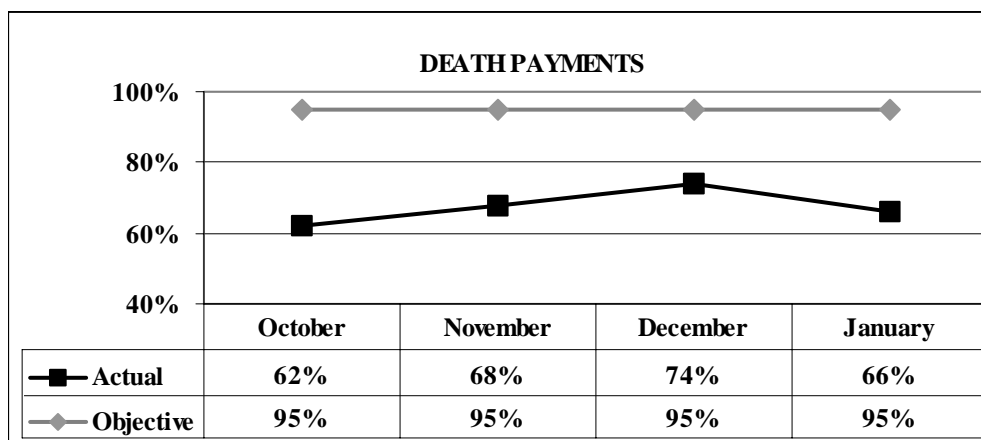
Objective Process 95 percent of all applications within 30 days of receipt of all necessary information.

Interest Payments January: 242 Payments/\$27,973

Current Year Cumulative:
1,448 payments/\$98,486

Current Year Monthly Average:
207 payments/\$14,069

Prior Year Monthly Average:
21 payments/\$722



Baseline FY 1998/99 actual: 97 percent

Year to Date Average: 63%

CalSTRS PRODUCTION OBJECTIVES 2000-2001 FISCAL YEAR

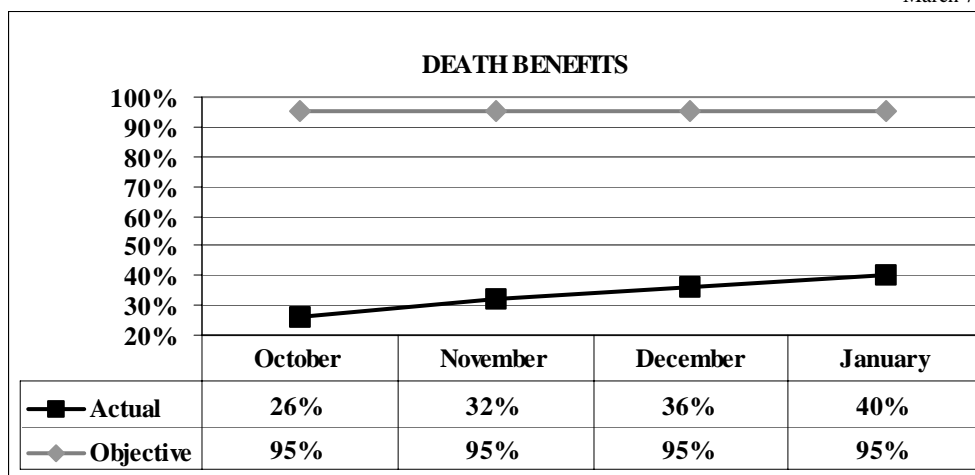
Page 4

Attachment I
Benefits & Services – Item 9
March 7, 2002

Survivor Benefits

Objective

Complete 95 percent of all payments for retired members within 90 days of receipt of notification of death.



Baseline FY 1998/99 actual: 93 percent

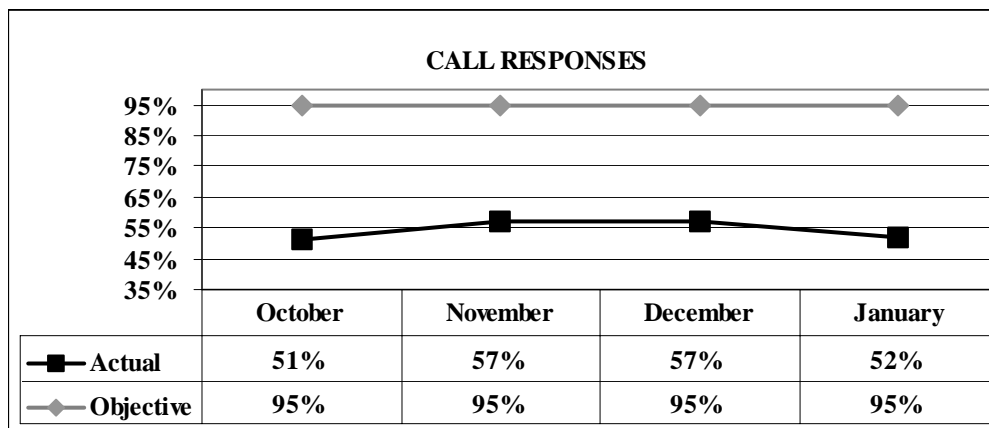
Year to Date Average: 40%

Public Service

Objective Answer 95 percent of all calls in less than three minutes.

Volume Change 5.41 percent increase.

Notes Average queue time: 102 seconds
Longest queue wait: 19 minutes



Baseline FY 1998/99 actual: 94 percent
FY 1996/97 Objective:

Year to Date Average: 51%

CalSTRS PRODUCTION OBJECTIVES 2000-2001 FISCAL YEAR

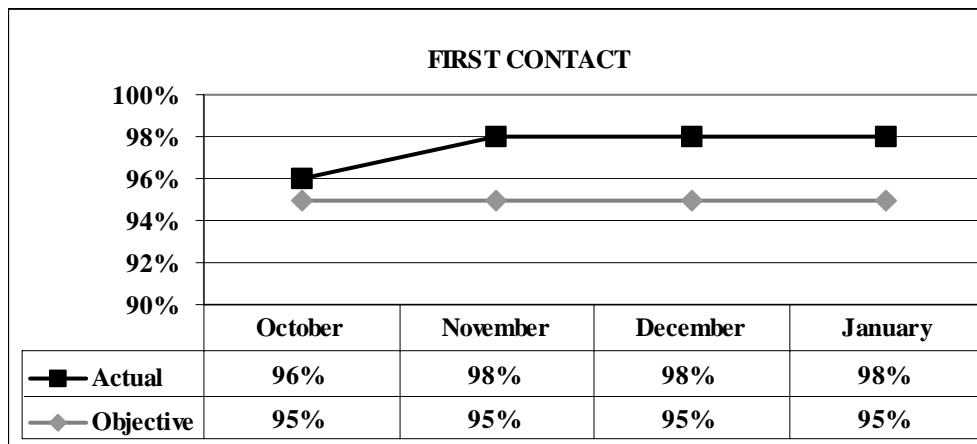
Page 5

Attachment I
Benefits & Services – Item 9
March 7, 2002

75 percent in less than three minutes.

Public Service

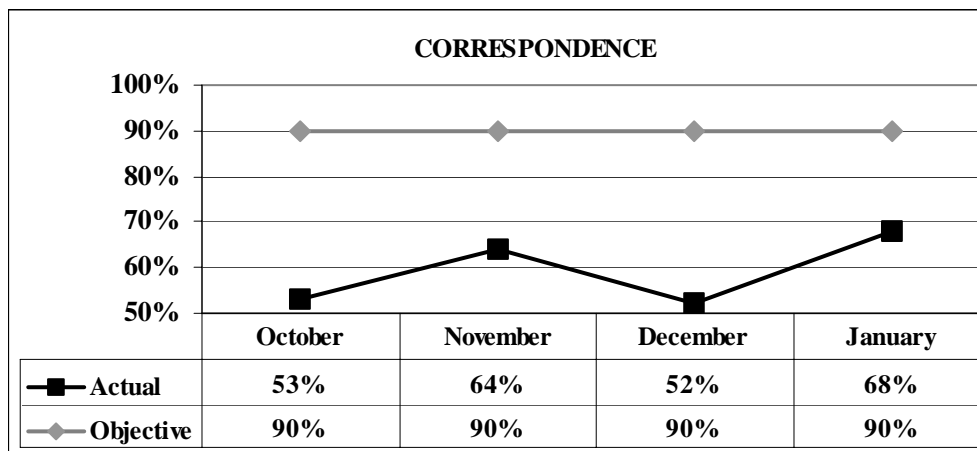
Objective Answer 95 percent of all calls on the first contact.



Baseline FY 1998/99 actual: 98 percent

Year to Date Average: 97%

Objective Respond to 90 percent of all correspondence in ten working days.



CalSTRS PRODUCTION OBJECTIVES

2000-2001 FISCAL YEAR

Year to Date Average: 61%

Baseline

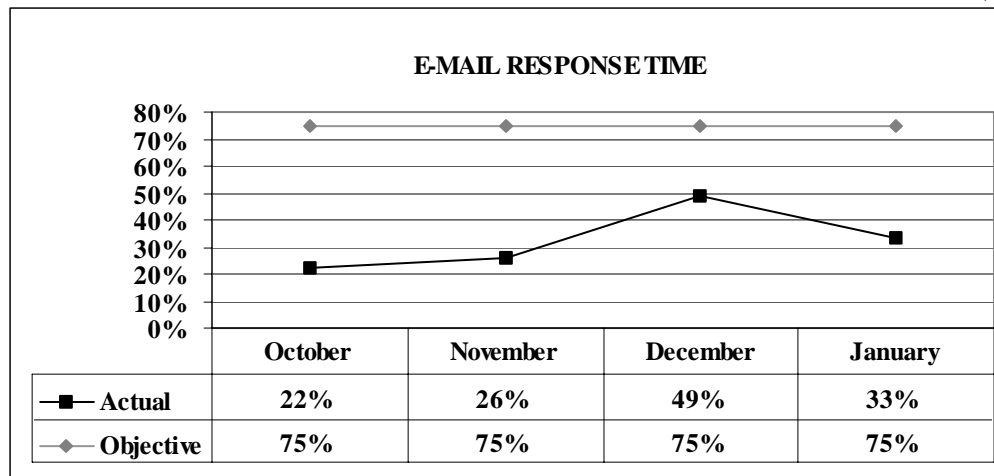
FY 1998/99 actual: 94 percent

Page 6

Attachment I
Benefits & Services – Item 9
March 7, 2002

Objective

Respond to 75% of e-mails within three working days

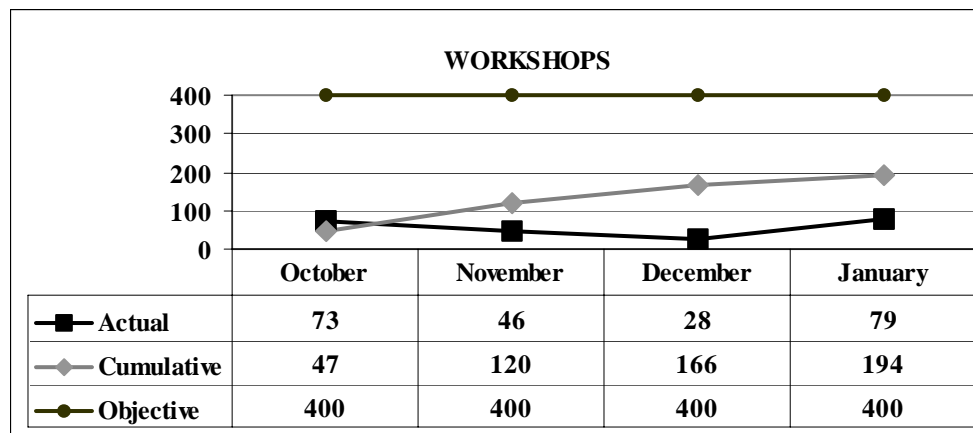


Year to Date Average: 30%

Regional Counseling Services

Objective

Conduct 400 workshops



Baseline

FY 1998/99 actual: 491

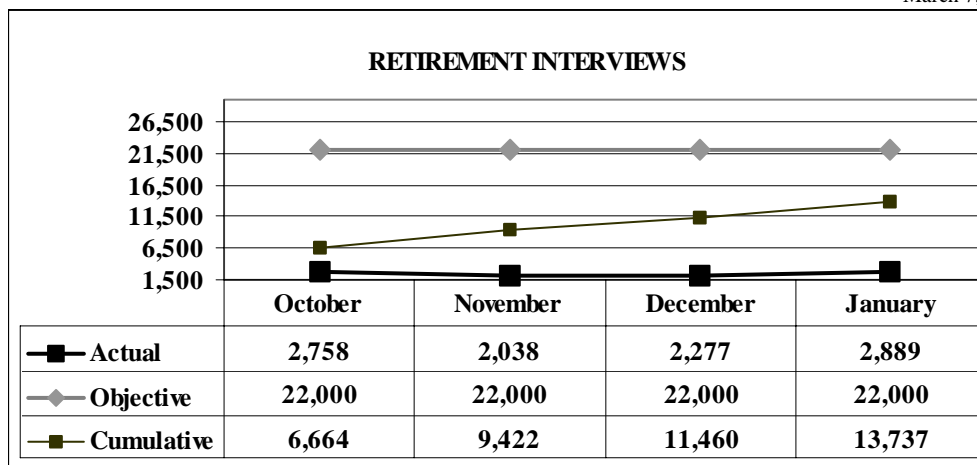
CalSTRS PRODUCTION OBJECTIVES 2000-2001 FISCAL YEAR

Page 7

Attachment I
Benefits & Services – Item 9
March 7, 2002

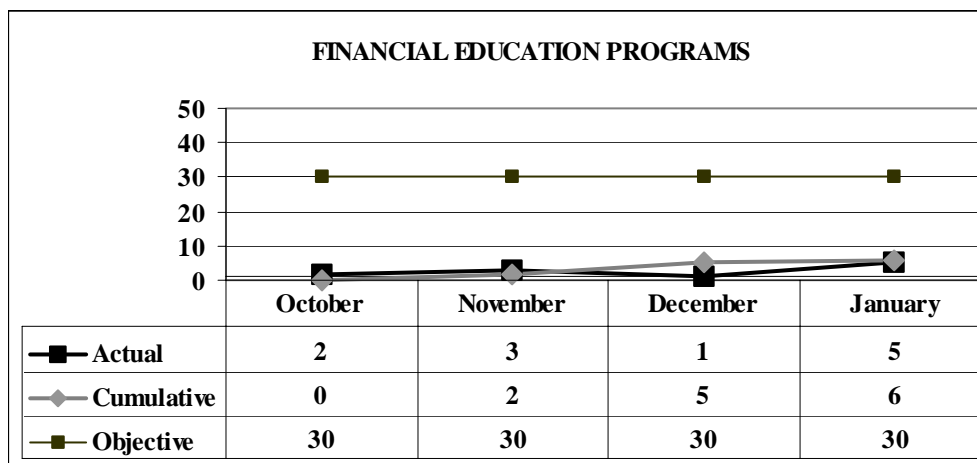
Regional Counseling Services

Objective Provide 22,000 retirement interviews.



Baseline FY 1998/99 actual: 24,657

Objective Deliver 41 Financial Education Program to CalSTRS members.



Baseline FY 1998/99 actual: 32

**CalSTRS PRODUCTION OBJECTIVES
2000-2001 FISCAL YEAR**

Page 8

Attachment I
Benefits & Services – Item 9
March 7, 2002

III. Miscellaneous

A. Outstanding Survivor Benefit Cases:

The Education Code requires a report to the Board on outstanding Survivor Benefit cases not paid within six months of the notification of death. As of January there were 1,280 exceeding this threshold. In December 2001, there were 1,365 cases beyond the six-month processing period, while in November there were 1,144 cases exceeding the six-month threshold.

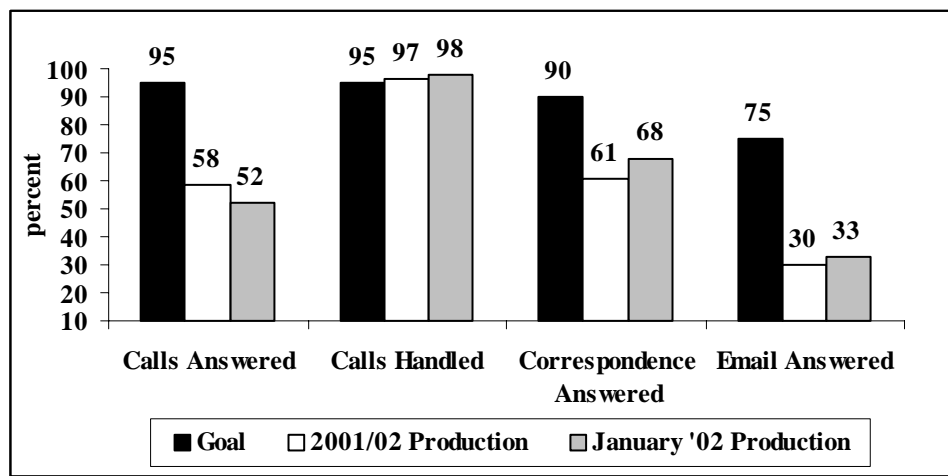
B. One-Year Final Compensation: During the current fiscal year, no school districts have chosen to participate in this program.

C. Golden Handshake:

January - 2001 29 districts / 88 participants

January - 2002 21 districts / 51 participants

D. Telephone Center:

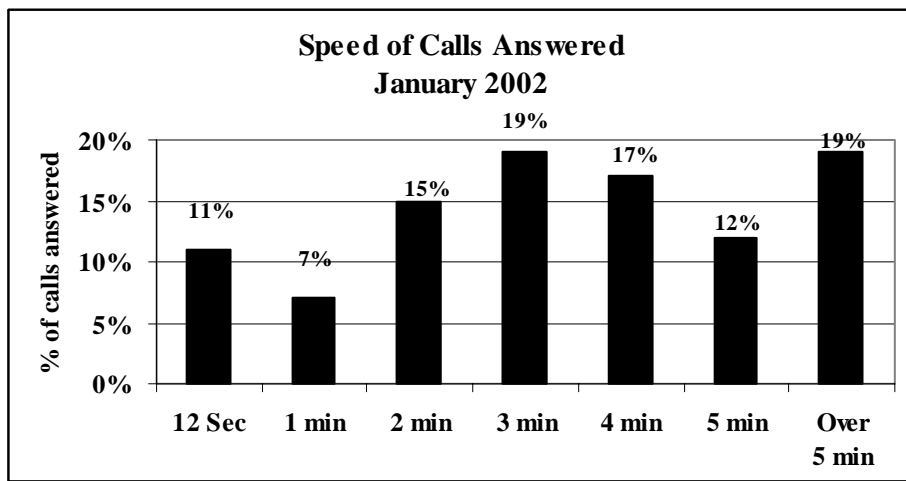
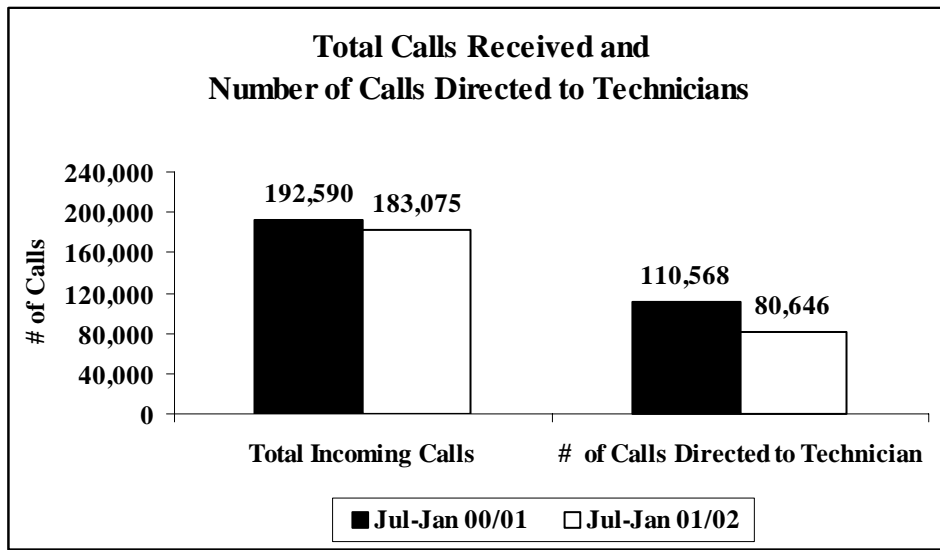


**CalSTRS PRODUCTION OBJECTIVES
2000-2001 FISCAL YEAR**

Page 9

Attachment I
Benefits & Services – Item 9
March 7, 2002

D. Telephone Center: (continued)



**CalSTRS PRODUCTION OBJECTIVES
2000-2001 FISCAL YEAR**

Page 10

Attachment I
Benefits & Services – Item 9
March 7, 2002

During the six-month period ending December 31, 2001, a total of 48 overpaid cases were analyzed and acted upon. Of the 48 cases, 47 were current overpaid cases forwarded to Accounting by the various operation units to start the collection process, resulting in collections amounting to \$167,077.92 and 25 cases were processed for write-off amounting to \$157,261.17.

The following is a summary of the cases processed for write-off since the last report to the Board, in July 2001.

BREAKDOWN OF CASES SUBMITTED FOR WRITE-OFF SINCE LAST REPORT TO THE BOARD				
Dollar Range	Total Dollars Being Discharged**	No. of Cases	Average per Case	Dates Associated with Overpayment or Discovery of
Under \$5,000	\$ 17,065	16	\$ 1,067	1987-2001
Over \$5,000	\$ 140,196	9	\$15,577	
Total	\$ 157,261	25		

Since the inception of the Collections Unit in the Accounting Division in July, 1988, the System has analyzed and acted upon 12,925 overpaid cases, resulting in collections of \$6,317,629.20 and write-offs of \$10,519,576.43.